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David H. Yamasaki, Clerk of the Superior Court
County of Santa Clara, California

By:

David Clark

G. Duarte

Luan K. Phan, Esq. (Calif. State Bar No. 185985)
THE PHAN LAW GROUP
A Professional Law Corporation
6601 Center Drive West, Suite 500
Los Angeles, CA 90045
Phone: (310) 348-8121
Fax: (310) 943-2126
lphan@lklaw.com

Attorneys for Plaintiffs MILA Enterprises, Inc., MILA-PPP, LLC,
Lim Family Living Trust, Lim-PPP, LLC, Trust of Vincent and Linda Fong,
Fong ECS Associates, LLC, Low Family Trust, Low-OC, LLC,
Lam Living Trust, Lam-Eastridge, LLC, Fontaine & Truman Corporation,
Buffalo Family Trust, Chang Trust, J & M Cheang 1994 Trust,
Frederick R. Chilton Jr. Revocable Trust, Steven J. Cohen Trust,
2005 Khalsa Family Trust, Lathiya Living Trust,
Vraj Lathiya and Sonal Lathiya Family Trust, Lee Family Trust,
Sakai-Edmiston Family Trust, Sanghvi Family Survivors Trust, Weng Trust,
Visionary Global Investments, Inc., Robert Allen, Rajon Doshi,
Robert Eng and Susan Eng, Anita Fong, Linda Fong, Stephanie Fong,
Anand Gokel, Kanti Gopal, Syed Hussain, Robert Jensen, Wing Lam,
Kanye Lim, Jerry Lee and Angela Lee, Vibha Patel, Ash Pruthi, Devang Savani,
Manubhai Savani, Soren Thring and Gladys Low, Zephia Williams-Connolly

SUPERIOR COURT FOR THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

MILA ENTERPRISES, INC., a California
corporation; MILA-PPP, LLC, a Delaware
limited liability company; LIM FAMILY
LIVING TRUST, a California trust; LIM-PPP,
LLC, a Delaware limited liability company;
TRUST OF VINCENT AND LINDA FONG, a
California trust; FONG ECS ASSOCIATES,
LLC, a Delaware limited liability company;
LOW FAMILY TRUST, a California trust;
LOW-OC, LLC, a Delaware limited liability
company; LAM LIVING TRUST, a California
trust; LAM-EASTRIDGE, LLC, a Delaware
limited liability company; FONTAINE &
TRUMAN CORPORATION, a California
corporation; BUFFALO FAMILY TRUST, a
California trust; CHANG TRUST, a California
trust; J & M CHEANG 1994 TRUST, a
California trust; FREDERICK R. CHILTON
JR. REVOCABLE TRUST, a California trust;
STEVEN J. COHEN TRUST, a California trust;
2005 KHALSA FAMILY TRUST, a California
trust; LATHIYA LIVING TRUST, a California
trust; VRAJ LATHIYA AND SONAL
LATHIYA FAMILY TRUST, a California trust;
LEE FAMILY TRUST, a California trust;
SAKAI-EDMISTON FAMILY TRUST, a
California trust; SANGHVI FAMILY

Case No.:

110CV181696

COMPLAINT FOR RELIEF

[Jury Trial Demanded]

COMPLAINT FOR RELIEF

1 SURVIVORS TRUST, a California trust,
 2 WONG TRUST, a California trust;
 3 VISIONARY GLOBAL INVESTMENTS,
 4 INC., a Nevada corporation; ROBERT ALLEN,
 5 an individual; RAJEN DOSHI, an individual,
 6 ROBERT ENG and SUSAN ENG, individuals
 7 as joint tenants; ANITA FONG, an individual;
 8 LINDA FONG, an individual; STEPHANIE
 9 FONG, an individual; ANAND GOKEL, an
 10 individual; KANTI GOPAL, an individual;
 11 SYED HUSAIN, an individual; ROBERT
 12 JENSEN, an individual; JERRY LEE and
 13 ANGELA LEE, individuals as joint tenants;
 14 WING LAM, an individual; KANYE LIM, an
 15 individual; VIBHA PATEL, an individual;
 16 ASIT PRUTHI, an individual; DEVANG
 17 SAVANI, an individual; MANUBHAI
 18 SAVANI, an individual; SOREN TIRTING, an
 19 individual and as a joint tenant, GLADYS
 20 LOW, an individual as a joint tenant; ZELPHA
 21 WILLIAMS-CONNELLY, an individual,

22 Plaintiffs,

23 v.

24 SCANLANKEMPERBARD COMPANIES,
 25 LLC; an Oregon limited liability company;
 26 ROBERT D. SCANLAN, an individual; N.
 27 THOMSON BARD, JR., an individual; TODD
 28 M. GOODING, an individual, PETER STOTT,
 an individual; and DOES 1 through 50,
 inclusive,

Defendants.

Plaintiffs hereby complaint and allege as follows:

PARTIES

1. Plaintiff MILA ENTERPRISES, INC. ("MILA ENT.") is a corporation duly organized and existing under the laws of the State of California, with its principal place of business in the State of California, County of Santa Clara. At all relevant times herein, MILA was an investor in one or more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates. MILA ENT. is the sole member of plaintiff MILA-PPP, LLC, a Delaware limited liability company formed for the purposes of certain of MILA ENT.'s investment(s) with SCANLANKEMPERBARD COMPANIES, LLC.

2. Plaintiff LIM FAMILY LIVING TRUST ("LIM TRUST") is a California trust dated November 1, 1983. At all relevant times herein, LIM TRUST was an investor in one or more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates. LIM -TRUST is the sole member of plaintiff LIM-PPP, LLC, a Delaware limited liability formed for the purposes of certain of LIM TRUST's investment(s) with SCANLANKEMPERBARD COMPANIES, LLC.

3. Plaintiff TRUST OF VINCENT AND LINDA FONG ("FONG TRUST") is a California trust dated July 27, 1996. At all relevant times herein, FONG TRUST was an investor in one or more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates. FONG TRUST is the sole member of plaintiff FONG LCS ASSOCIATES, LLC ("FONG LCS"), a Delaware limited liability company formed for the purposes of certain of FONG TRUST's investment(s) with SCANLANKEMPERBARD COMPANIES, LLC.

4. Plaintiff LOW FAMILY TRUST ("LOW TRUST") is a California trust dated November 29, 1999. At all relevant times herein, LOW TRUST was an investor in one or more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates. LOW TRUST is the sole member of plaintiff LOW-GC, LLC ("LOW-GC"), a Delaware limited liability company formed for the purposes of certain of LOW TRUST's investment(s) with SCANLANKEMPERBARD COMPANIES, LLC.

5. Plaintiff LAM LIVING TRUST ("LAM TRUST") is a California trust dated July 8, 1996. At all relevant times herein, LAM TRUST was an investor in one or more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates. LAM TRUST is the sole member of plaintiff LAM-EASTRIDGE, LLC ("LAM-EASTRIDGE"), a Delaware limited liability company formed for the purposes of certain of LAM TRUST's investment(s) with SCANLANKEMPERBARD COMPANIES, LLC.

6. Plaintiff FONTAINE & TRUMAN CORPORATION ("F&T CORP.") is a corporation duly organized and existing under the laws of the State of California, with its principal place of business in the State of California. At all relevant times herein, F&T CORP was an investor in one or

1 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
2 affiliates.

3 7. Plaintiff BUFFALO FAMILY TRUST ("BUFFALO TRUST") is a California trust
4 dated March 1996. At all relevant times herein, BUFFALO TRUST was an investor in one or more
5 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

6 8. Plaintiff CHANG TRUST ("CHANG TRUST") is a California trust dated September
7 30, 1999. At all relevant times herein, CHANG TRUST was an investor in one or more investments
8 offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

9 9. Plaintiff J & M CHIANG 1994 TRUST ("CHIANG TRUST") is a California trust
10 dated 1994. At all relevant times herein, CHIANG TRUST was an investor in one or more
11 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

12 10. Plaintiff FREDERICK R. CHILTON JR. REVOCABLE TRUST ("CHILTON
13 TRUST") is a California trust. At all relevant times herein, CHILTON TRUST was an investor or
14 successor-in-interest in one or more investments offered by defendant SCANLANKEMPERBARD
15 COMPANIES, LLC and its affiliates.

16 11. Plaintiff STEVEN J. COHEN TRUST ("COHEN TRUST") is California trust dated
17 November 2, 1994. At all relevant times herein, COHEN TRUST was an investor in one or more
18 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

19 12. Plaintiff 2005 KHALSA FAMILY TRUST ("KHALSA TRUST") is a California trust
20 dated October 26, 1999. At all relevant times herein, KHALSA TRUST was an investor in one or
21 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
22 affiliates.

23 13. Plaintiff LATHIYA LIVING TRUST ("A. LATHIYA TRUST") is a California trust
24 dated December 9, 2004. At all relevant times herein, A. LATHIYA TRUST was an investor in one
25 or more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
26 affiliates.

27 14. Plaintiff VRAJ LATHIYA AND SONAL LATHIYA FAMILY TRUST ("V.
28 LATHIYA TRUST") is a California trust dated October 22, 1992. At all relevant times herein, V.

1 ATHIYA TRUST was an investor in one or more investments offered by defendant
2 SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

3 15. Plaintiff LEE LIVING TRUST ("LEE TRUST") is a California trust dated October 26,
4 1999. At all relevant times herein, LEE TRUST was an investor in one or more investments offered
5 by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

6 16. Plaintiff SAKAI-EDMISTON FAMILY TRUST ("SAKAI-EDMISTON TRUST") is a
7 California trust dated January 7, 1993. At all relevant times herein, SAKAI-EDMISTON TRUST
8 was an investor in one or more investments offered by defendant SCANLANKEMPERBARD
9 COMPANIES, LLC and its affiliates.

10 17. Plaintiff SANGHVI FAMILY SURVIVORS TRUST ("SANGHVI TRUST") is a
11 California trust dated September 2002. At all relevant times herein, SANGHVI TRUST was an
12 investor in one or more investments offered by defendant SCANLANKEMPERBARD
13 COMPANIES, LLC and its affiliates.

14 18. Plaintiff WONG TRUST ("WONG TRUST") is a California trust dated December 9,
15 2003. At all relevant times herein, WONG TRUST was an investor in one or more investments
16 offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

17 19. Plaintiff VISIONARY GLOBAL INVESTMENTS, INC. ("VGI") is a corporation
18 duly organized and existing under the laws of the State of Nevada. At all relevant times herein, VGI,
19 as successor-in-interest to the Samaniego Trust dated December 8, 1998, was an investor in one or
20 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
21 affiliates.

22 20. Plaintiff ROBERT ALLEN ("ALLEN") is an individual residing in the State of
23 California, County of Calaveras. At all relevant times herein, ALLEN was an investor in one or more
24 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

25 21. Plaintiff RAJEN DOSHI ("DOSHI") is an individual residing in the State of Missouri.
26 At all relevant times herein, DOSHI was an investor in one or more investments offered by defendant
27 SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

28

1 22. Plaintiffs ROBERT ENG and SUSAN ENG ("the ENGs") are individuals residing in
2 the State of Nevada. At all relevant times herein, the ENGs, as joint tenants, were investors in one or
3 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
4 affiliates.

5 23. Plaintiff ANITA FONG ("A. FONG") is an individual residing in the State of
6 California, County of Alameda. At all relevant times herein, A. FONG was an investor in one or
7 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
8 affiliates.

9 24. Plaintiff LINDA FONG ("L. FONG") is an individual residing in the State of
10 California, County of Santa Clara. At all relevant times herein, L. FONG was an investor in one or
11 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
12 affiliates.

13 25. Plaintiff STEPHANIE FONG ("S. FONG") is an individual residing in the State of
14 California, County of San Diego. At all relevant times herein, S. FONG was an investor in one or
15 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
16 affiliates.

17 26. Plaintiff ANAND GOKEL ("A. GOKEL") is an individual residing in the State of
18 California, County of Santa Clara. At all relevant times herein, A. GOKEL was an investor in one or
19 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
20 affiliates.

21 27. Plaintiff KANTI GOPAL ("GOPAL") is an individual residing in the State of
22 California, County of Santa Clara. At all relevant times herein, GOPAL was an investor in one or
23 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
24 affiliates.

25 28. Plaintiff SAYED HUSAIN ("HUSAIN") is an individual residing in the State of
26 California, County of Alameda. At all relevant times herein, HUSAIN was an investor in one or more
27 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.
28

1 29. Plaintiff ROBERT JENSEN ("JENSEN") is an individual residing in the State of
2 California, County of Calaveras. At all relevant times herein, JENSEN was an investor in one or
3 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
4 affiliates.

5 30. Plaintiffs JERRY LEE and ANGELA LEE ("the LEEs") are individuals residing in the
6 State of California, County of Alameda. At all relevant times herein, the LEEs, as joint tenants, were
7 investors in one or more investments offered by defendant SCANLANKEMPERBARD
8 COMPANIES, LLC and its affiliates.

9 31. Plaintiff WING LAM ("LAM") is an individual residing in the State of California,
10 County of Contra Costa. At all relevant times herein, LAM was an investor in one or more
11 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

12 32. Plaintiff KANYE LIM ("LIM") is an individual residing in the State of California,
13 County of Santa Clara. LIM is the duly appointed trustee and authorized representative of the LIM
14 TRUST. At all relevant times herein, LIM was an investor in one or more investments offered by
15 defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

16 33. Plaintiff ASIT PRUTHI ("PRUTHI") is an individual residing in the State of
17 California, County of Monterey. At all relevant times herein, PRUTHI was an investor in one or
18 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
19 affiliates.

20 34. Plaintiff VIBHA PATEL ("PATEL") is an individual residing in the State of
21 California, County of San Mateo. At all relevant times herein, PATEL was an investor in one or more
22 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

23 35. Plaintiff DEVANG SAVANI ("D. SAVANI") is an individual residing in the State of
24 California, County of Orange. At all relevant times herein, ALLEN was an investor in one or more
25 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

26 36. Plaintiff MANUBHAI SAVANI ("M. SAVANI") is an individual residing in the State
27 of California, County of Orange. At all relevant times herein, SAVANI was an investor in one or
28

1 more investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its
2 affiliates.

3 37. Plaintiff SOREN TIRFING ("TIRFING") and GLADYS LOW ("LOW") are
4 individuals residing in the State of California, County of Santa Clara. At all relevant times herein,
5 TIRFING, individually, and TIRFING and LOW, as joint tenants, were investors in one or more
6 investments offered by defendant SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

7 38. Plaintiff ZELPHA WILLIAMS-CONNELLY ("WILLIAMS-CONNELLY") is an
8 individual residing in the State of California, County of Sacramento. At all relevant times herein, -
9 WILLIAMS was an investor in one or more investments offered by defendant
10 SCANLANKEMPERBARD COMPANIES, LLC and its affiliates.

11 39. Plaintiffs are informed and believe and thereon allege that Defendant
12 SCANLANKEMPERBARD COMPANIES, LLC ("SKB") is an Oregon limited liability company,
13 which conducts business in the State of California, including the County of Santa Clara.

14 40. Plaintiffs are informed and believe and thereon allege that Defendant ROBERT D.
15 SCANLAN ("SCANLAN") is an individual and resident of the State of Oregon. At all relevant
16 times, SCANLAN was the Executive Vice President, Chief Compliance Officer, and Principal of
17 SKB.

18 41. Defendant N. THOMSON BARD, JR. ("BARD") is an individual and resident of the
19 State of Oregon. At all relevant times, BARD was an Executive Vice President, Chief Compliance
20 Officer, and Principal of SKB.

21 42. Plaintiffs are informed and believe and thereon allege that Defendant TODD M.
22 GOODING ("GOODING") is an individual and resident of the State of Oregon. At all relevant times,
23 GOODING was the President, Chief Investment Officer, and Principal of SKB.

24 43. Plaintiffs are informed and believe and thereon allege that Defendant PETER STOTT
25 ("STOTT") is an individual and resident of the State of Oregon. At all relevant times, STOTT was an
26 officer and Principal of SKB.

27 44. Plaintiffs are unaware of the true names and capacities of Defendants named herein as
28 DOES 1 through 250, inclusive, whether individual, corporate, association or otherwise and therefore

1 sue these Defendants by their fictitious names. Plaintiffs are informed and believe and thereon allege
 2 that each of the DOE Defendants sued herein are legally responsible and liable for the acts, omissions,
 3 injuries, and damages alleged in this Complaint and each of these Defendants legally and proximately
 4 caused the injuries and damages herein alleged by reason of the negligent, careless, willful or wanton
 5 conduct herein alleged, or by reason or direct or imputed negligence or vicarious fault or breach of
 6 duty arising from the matters alleged herein. Plaintiffs will amend this Complaint to identify the
 7 names and capacities of the DOE Defendants when this information is ascertained.

8 45. Plaintiffs are informed and believe and thereon allege that at all relevant times, certain
 9 Defendants, including DOE Defendants, were the agents and/or employees of certain Defendants and
 10 in doing the acts complained of in this Complaint, acted within the course and scope of this agency
 11 and/or employment.

12 46. Plaintiffs are informed and believe and thereon allege that certain Defendants,
 13 including DOE Defendants, authorized and ratified the acts and omissions alleged herein.

14 FACTUAL BACKGROUND

15 47. Plaintiffs are informed and believe and thereon allege that Defendant SKB is a real
 16 estate investment firm based in Portland, Oregon, which is in the business of acquiring and managing
 17 real estate and related assets in the western United States, including California.

18 48. Between April 2006 through the present, in reliance upon statements and materials
 19 offered by Defendants directly and through its agents, Plaintiffs collectively invested in excess of \$16
 20 million in various SKB investments including: SKB Qualified Fund I, L.P., Pacific Park Plaza,
 21 Albertson's Portfolio, Trolley Square, Cherry Creek, Syracuse Hill, San Francisco Gift Center,
 22 EastRidge Business Park, Eastmont Town Center, 1660 Lincoln, Medical Office Building Portfolio,
 23 East Bay Office Portfolio, SeaTac Airport Property, Mountain Business Park and 945 Bryant.

24 49. In furtherance of their investments with SKB after April 2006, each of the Plaintiffs
 25 executed various agreements with SKB and other entities, such as a Subscription Agreement and/or
 26 Co-Tenancy Agreement and other documents confirming their investment ("Investment
 27 Agreements").
 28

50. Among other things, Defendants sold Plaintiffs on the honesty and trustworthiness of SKB as a fiduciary to look out for its investors and to place its investors' interest above SKB's own.

51. Unbeknownst to Plaintiffs, the statements and information provided by Defendants were not true and accurate in that, among other things, Defendants withheld and concealed material information from the Plaintiffs concerning the investments in order to make the investments appear more attractive than they actually were and to induce Plaintiffs to invest over \$16,000,000 with SKB.

52. Plaintiffs are informed and believe and thereon allege that from at least April 2006 to the present, Defendants engaged in a pattern and practice of fraudulent concealment of material facts from investors to induce investors to entrust them with their monies.

53. By way of example only, Plaintiffs are informed and believe and thereon allege that Defendants withheld and concealed information about SKB's fraudulent business practices in general by telling investors only half truths about SKB's operations and investment opportunities.

54. Plaintiffs are informed and believe and thereon allege that Defendants also withheld and concealed the fact that they themselves were concerned that the represented internal rate of return for the investments were inflated.

55. Plaintiffs are informed and believe and thereon allege that Defendants also withheld and concealed the fact that they had concerns about the markets tightening at the same time they touted strong markets for the investments.

56. Plaintiff had no reason to suspect that Defendants had engaged in the wrongful behavior alleged herein, and only learned of these facts within two years of the filing of this action. Had Plaintiffs known the full truth about Defendants' concealment, Plaintiffs would never have entrusted their monies to Defendants.

FIRST CAUSE OF ACTION

(Rescission – Against Defendant SKB)

57. Plaintiffs incorporate by reference paragraphs 1 through 56 of this Complaint, inclusive, as if fully set forth herein.

58. Plaintiffs are informed and believe and thereon allege that at the time Defendants their false representations and statements, and engaged in the fraudulent concealment, Defendants either knew that the statements were false or recklessly or negligently disregarded the truth.

59. Defendants made these representations and statements and failed to disclose material, factual information that should have been disclosed to induce Plaintiffs to rely on the false representations and statements.

60. Defendants' misrepresentations and fraudulent concealment were material to the decision by Plaintiffs to enter into the Investment Agreements and invest with SKB because if Defendants had completely and truthfully disclosed the true facts, Plaintiffs would not have invested and entered into the Investment Agreements.

61. Plaintiffs reasonably and justifiably relied on Defendants' representations and the incomplete and/or false information that was provided by Defendants.

62. Because of Defendants' material misrepresentations and fraudulent concealment, the Investments Agreements are void and of no force or effect.

63. Based on the facts set forth herein, Plaintiffs hereby seek rescission of the Investment Agreements. This Complaint shall serve as notice of rescission of the Investment Agreements.

64. Plaintiffs will, and hereby offer to, restore all consideration furnished under the Investments Agreements on the condition that all consideration provided by Plaintiffs under the Investment Agreements be returned to them and that the Investment Agreements be declared null and void. Plaintiffs stand ready, willing, and able to tender all consideration received under the Investment Agreements.

SECOND CAUSE OF ACTION

(Fraudulent Concealment – Against All Defendants)

65. Plaintiffs incorporate by reference paragraphs 1 through 56 of this Complaint, inclusive, as if fully set forth herein.

66. Plaintiffs are informed and believe and thereon allege that from at least April 2006 to the present, Defendants engaged in a pattern and practice of fraudulent concealment of material facts from investors to induce investors to entrust them with their monies.

1 67. Plaintiffs are informed and believe and thereon allege that Defendants withheld and
2 concealed the information with intention that Plaintiffs rely on them to decide to invest their funds
3 with SKB.

4 68. Plaintiffs are informed and believe and thereon allege that Defendants knew that the
5 representations were false in view of the withheld or concealed information, or recklessly or
6 negligently disregarded the truth.

7 69. Plaintiffs reasonably relied on the representations of Defendants as made, and this
8 reliance proximately caused harm to Plaintiffs. Plaintiffs are entitled to an award of damages against
9 these Defendants for the proximate harm and/or substantial cause of the harm to Plaintiffs, including
10 compensatory and consequential damages.

11 70. In engaging in the course of conduct as alleged herein, Defendants are also guilty of
12 malice, oppression and/or fraud, entitling Plaintiffs to an award of punitive damages.

13 **THIRD CAUSE OF ACTION**

14 **(Breach of Fiduciary Duty – Against All Defendants)**

15 71. Plaintiffs incorporate by reference paragraphs 1 through 56 and 65 through 70 of this
16 Complaint, inclusive, as if fully set forth herein.

17 72. Defendants owed a fiduciary duty to Plaintiffs individually and on behalf of SKB, as
18 officers and managers of SKB in control of its day-to-day affairs, to, among other things, protect
19 Plaintiffs' investment and advance their interests. Such fiduciary duties also included a duty to
20 disclose all material facts and pertinent information to Plaintiffs. Defendants also owed Plaintiffs a
21 fiduciary duty to protect the interests of Plaintiffs and not to put their own interests above those of
22 Plaintiffs.

23 73. Defendants breached their fiduciary duty to Plaintiffs by, among other things, failing to
24 disclose all materials facts to Plaintiffs, including but not limited to the fact that SKB was engaged in
25 a pattern and practice of fraudulent concealment of material facts with respect to its business
26 operations and investments; that Defendants themselves were concerned that the represented internal
27 rate of return for the investments were inflated; and that Defendants themselves had concerns about
28 the economic markets tightening at the same time they touted strong markets for the investments.

74. By doing the things alleged herein, Defendants betrayed the interests of Plaintiffs and put their own interests above those of the Plaintiffs.

75. The breach of duty by Defendants was the proximate harm and/or substantial cause of the harm to Plaintiffs. Plaintiffs are entitled to an award of damages against the Defendants for the proximate harm and/or substantial cause of the harm to Plaintiffs.

FOURTH CAUSE OF ACTION

(Aiding and Abetting Breach of Fiduciary Duty – Against All Defendants)

76. Plaintiffs incorporate by reference paragraphs 1 through 56 and 65 through 75 of this Complaint, inclusive, as if fully set forth herein.

77. Defendants breached fiduciary duties to Plaintiffs as set forth above. Additionally, each and every Defendant knowingly participated in and substantially assisted the breach of fiduciary duty by the other Defendants, as set forth above. Each of the individual defendants, for example, knowingly participated and substantially assisted in the breaches of fiduciary duty by SKB and each of the other individual defendants, as set forth above.

78. As a direct and proximate result of the foregoing, Plaintiffs suffered substantial damage. Plaintiffs are entitled to an award of damages against the Defendants for the proximate harm and/or substantial cause of the harm to Plaintiffs.

FIFTH CAUSE OF ACTION

(Negligence – Against All Defendants)

79. Plaintiffs incorporate by reference paragraphs 1 through 56 of this Complaint, inclusive, as if fully set forth herein.

80. Defendants owed a duty of care to Plaintiffs to, among other things, to protect Plaintiffs' investment and advance their interests, and to disclose all material facts and pertinent information to Plaintiffs.

81. Defendants breached their duty of care owed to Plaintiffs by, among other things, failing to disclose all material facts to Plaintiffs, including but not limited to the fact that there were significant problems with other SKB investments; that Defendants themselves were concerned that the represented internal rate of return for the investments were inflated; and that Defendants

1 themselves had concerns about the economic markets tightening at the same time they touted strong
2 markets for the investments.

3 82. The breach of duty by Defendants was the proximate harm and/or substantial cause of
4 the harm to Plaintiffs. Plaintiffs are entitled to an award of damages against the Defendants for the
5 proximate harm and/or substantial cause of the harm to Plaintiffs.

6 SIXTH CAUSE OF ACTION

7 (Negligent Misrepresentation/Concealment – Against All Defendants)

8 83. Plaintiffs incorporate by reference paragraphs 1 through 56 and 79 through 82 of this
9 Complaint, inclusive, as if fully set forth herein.

10 84. Plaintiffs are informed and believe and thereon allege that from at least April 2006 to
11 the present, Defendants negligently concealed material facts from investors concerning their
12 investments with SKB, as alleged above.

13 85. Plaintiffs are informed and believe and thereon allege that Defendants knew or should
14 have known that the facts were material to Plaintiffs and that the representations were false in view of
15 the withheld or concealed information.

16 86. Plaintiffs reasonably relied on the representations of Defendants as made, and this
17 reliance proximately caused harm to Plaintiffs. Plaintiffs are entitled to an award of damages against
18 these Defendants for the proximate harm and/or substantial cause of the harm to Plaintiffs, including
19 compensatory and consequential damages.

20 PRAYER

21 WHEREFORE, Plaintiffs pray for judgment as follows:

22 1. For an order that the Investment Agreements never took effect or came into existence
23 and are void and of no force and effect, and are rescinded as of the date of their inception;

24 2. For an order that the Defendants restore to Plaintiffs all consideration provided under
25 the Agreements;

26 3. For an award of damages for the harm proximately caused by Defendants'
27 wrongdoing;

28 4. For an award of punitive damages;

1 5. For costs of suit herein;

2 6. For recovery of attorneys' fees as permitted under the law;

3 7. For such further and other relief as the Court may deem just, proper, and equitable.

4 Dated: September 3, 2010

THE PHAN LAW GROUP
A Professional Law Corporation

5
6
7 By:  /np

Luan K. Phan
Attorneys for Plaintiffs

DEMAND FOR JURY TRIAL

Plaintiffs hereby demand a trial by jury of all claims and issues triable by a jury.

Dated: September 3, 2010

THE PHAN LAW GROUP
A Professional Law Corporation

By: 
Luan K. Phan
Attorneys for Plaintiffs